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The index of prices received by farmers registered its sixth consecutive monthly decline from mid-July to mid-August.

Sharpest drop among the commodities was made by cotton which fell $4\frac{1}{2}$ cents to an average of 34.60 cents per pound. Losses also were registered by most other crops, particularly truck and oil bearing crops. However, higher prices for fruit, some meat animals, milk and eggs held the total decline in the index to less than one-half percent.

The steady decline in farmers' prices since February has erased about a third of the gain made in the first 9 months after the outbreak in Korea. Meanwhile, the index of prices paid by farmers (commodities, interest, taxes and wage rates) has risen further. In mid-August, it was only a trifle under the peak reached this spring. Both indexes are now above a year earlier by about the same percentage.

Declining prices received and higher prices paid has reduced the parity position of farmers in the last half year. In mid-February, farmers' prices as a group were 13 percent above parity; in mid-August they were 4 percent above. The parity ratio is now the same as it was a year earlier.

The fact that farmers' prices as a whole average above parity is due to only a few commodities. Among major products, only cotton, wool, sweetpotatoes, beef cattle, lambs and veal calves are above parity. Throughout the last year, prices of the bulk of farm products have been below parity.

Despite price declines in farm and wholesale markets in recent months, economic activity in the U. S. remains high.

The number of people at work in July reached a new record of $62\frac{1}{2}$ million while unemployment shrank to less than 2 million persons.

With a record number employed and business generally good, personal income continues upwards. From the second quarter of 1950—just before Korea—to the same period this year, income rose 15%. Wage and salary receipts showed one of the sharpest gains—20%.

Farmers' cash income from the sale of products also has moved up. In August, it was running 12 percent above a year earlier; for the first 8 months of 1951, it was 16 percent above the same period of 1950.

LIVESTOCK AND MEAT Farmers' marketings of livestock are now increasing seasonally. Hog marketings, expected to reach a peak about early December, will continue above a year ago; for fall period may total near the record of the same period of 1943. Cattle marketings may reach 1950 levels sometime this fall but total for period probably will be below year earlier. Calf and lamb slaughter will remain below year ago during all or most of the remainder of 1951.

DAIRY PRODUCTS The number of milk cows on U. S. farms has changed little for three years—a more stable condition than usual for the dairy industry. In the year ending in mid-1951, numbers in the Atlantic Coastal and South Central States gained a little; those in other regions dropped a little. The U. S. total was slightly below a year earlier.

Prices of dairy products at retail and wholesale have been steady in recent months. Prices received by farmers for milk have started to rise as is usual for this season. On the other hand, butterfat prices declined from July to August.

POULTRY AND EGGS One percent fewer layers produced one percent more eggs in July than a year ago. Prices to farmers, now rising seasonally, continue well above low summertime level of last year. With consumer demand strong, prices of chickens and turkeys changed little during August, despite seasonally increasing supplies.

FATS AND OILS Output of food vegetable oils in 1951-52 may top the 1950-51 record production by about one-tenth, August estimates indicate. Production figures include the oil content of soybeans and peanuts exported for crushing.

The index of wholesale prices for the 26 major fats and oils moved up in July after dropping 27 percent from the February peak to July. The index is the same as a year ago.

FEEDS Feed grain prospects declined a little during July. Supply of all feed concentrates is now expected to be a little below the big totals of the last 2 years. Forage production compares a little better. Farmers are expected to produce more hay than last year; and pastures this summer have been unusually good.

FRUITS Farmers are harvesting a tenth more deciduous fruits than last year. Prices for apples and grapes this fall probably will average below a year earlier, but peaches and pears probably will be at least as high.

WHEAT The wheat crop looked less promising on August 1 than a month earlier. Consequently, production is now expected to total slightly less than a billion bushels. With the carryover and imports, supplies for 1951-52 are now expected to be 1,433 million bushels, sixth largest on record.

Wheat prices are slightly below the effective support level (the loan level minus a storage deduction).

VEGETABLES Farmers' prices for fresh vegetables are near seasonal low points. At this time of year, supplies from nearby farms are abundant in most markets. Among individual crops, production of lima beans, cabbage, cauliflower and green peas is expected to be sharply below a year ago with prices higher. The opposite is the case for sweet corn and spinach.

Output of processing crops is expected to be large enough to provide more for the armed services and civilians and also permit stocks of canned vegetables to be built up.

Potato prices have been running moderately below last summer. The seasonal decline this fall when the late crop begins coming to market in volume probably will not be as sharp as in 1950.

COTTON U. S. cotton supply for 1951-52 is expected to be $19\frac{1}{2}$ million running bales, 14 percent larger than last year. The crop, estimated at 17.3 million bales of 500 pounds gross weight, is nearly three-fourths larger than last year and the third largest in history. On the other hand, the August carryover was only 2.2 million bales, the lowest since 1925. The 1951-52 supply also includes imports estimated at 200,000 bales.

With a large crop in prospect and some slackening in demand, cotton prices have been going down since early July. Middling 15/16 inch on the 10 spot markets fell from an average of 45.20 on July 2 to 34.90 on August 21.

WOOL The U. S. probably will produce about 3 percent more wool this year than last. World wool production will show about the same gain. Demand for wool this season is likely to strengthen. Military requirements will again be large. Demand for wool going to civilian goods is likely to increase as inventories are worked down to levels in line with retail sales.

TOBACCO Manufacture of cigarettes in 1951-52 probably will be close to the record 407 billion in 1950-51. Supplies of the cigarette types of tobacco—flue-cured, burley and Maryland—will top those of last season.

